STANDARD INDUSTRIES LTD.
Annual Report March 31, 1975

Suppliers of basic construction materials

STANDARD INDUSTRIES LTD.

1224 Lawrence Avenue West
Toronto, Ontario M6A 1E4

THE COMPANY

Standard Industries Ltd. is one of the largest concerns in Canada producing and marketing sand, gravel and crushed stone, asphalt mixes, ready-mix concrete, concrete pipe and block, other pre-cast concrete products and bagged dry-mix concrete; it is also a street paving and road-building contractor.

The company's products are the basic materials indispensable to all kinds of building. Its market areas are in heavily-populated southern and eastern Ontario, the North Bay area of Ontario, and the province of Nova Scotia.

The company is publicly owned by 1,171 shareholders, including Canada Cement Lafarge Ltd. and Pitts Engineering Construction Limited (holding approximately 49% and 31% respectively). The shares are listed on the Toronto Stock Exchange. Dividends have been paid in every fiscal year since 1948.

CONTENTS

The year in brief 1
Directors, officers and management 2
To our shareholders 3
Financial review 8
Financial statements 9
Auditors' report 11
Financial statistics — 1966 to 1975 14
Financial trends at a glance 16
Organization chart, products and locations 17

ANNUAL MEETING

The Annual and Special General Meeting of Shareholders will be held in the British Columbia Room of the Royal York Hotel, Toronto, at 10:30 a.m. on Thursday, June 12, 1975.

VALUATION DAY VALUE

For the purpose of calculating income tax on capital gains, the value of the company's shares as established December 22, 1971 is $3.83⅓ per share.

COVER
A model of the lakes and park planned as the end result of developing the company's Speyside quarry property near Toronto.

THE YEAR ENDED MARCH 31, 1975 IN BRIEF

Facts at a Glance

	March 31 1975	March 31 1974
EARNINGS AND DIVIDENDS		
Income (before extraordinary profits)	**$ 4,466,000**	$ 4,121,000
Per share	*$1.42*	*$1.32*
Extraordinary profits	**366,000**	16,000
Per share	*0.11*	*0.01*
Net income	**4,832,000**	4,137,000
Per share	*1.53*	*1.33*
Dividends to shareholders	**1,574,000**	1,266,000
Per share	*0.50*	*0.40½*
OTHER FINANCIAL		
Sales	**$69,694,000**	$63,432,000
Capital investment during the year	**9,353,000**	9,871,000
Working capital at year end	**5,761,000**	6,234,000
STATISTICAL		
Number of employees —		
mid-year	**1,647**	1,576
year end	**1,012**	1,064
Number of shareholders, year end	**1,171**	1,291

Highlights

Income (before extraordinary profits) increased by 8% over last year. Sales dollars were up 10%, but sharply higher labour and material costs absorbed much of the increase.

Dividends declared amounted to 50¢ per share, up from 40½¢ the previous year. The quarterly rate was raised to 15¢ (indicating an annual rate of 60¢) with the dividend declared May 6, 1975, payable August 5, 1975.

Capital investment during the year included a plant in Ottawa for the manufacture of concrete pipe, development of a leased quarry near Belleville and its related rail receiving depot near Toronto, and a quarry property at Brechin.

Progress has been made in three major areas important for future growth of the company — aggregates supply, production of ground slag, and manufacture of prestressed concrete pressure pipe.

Earnings in the year to March 31, 1976 are expected to continue their moderate upward trend.

DIRECTORS, OFFICERS AND MANAGEMENT

Directors

S. C. COOPER
President of Pitts Engineering Construction Limited

HUGH F. GRIGHTMIRE
President of the Company

J. B. HANLY
Consultant – former Vice-President of Canada Cement Lafarge Ltd.

J. D. JARRELL
Senior Vice-President of Pitts Engineering Construction Limited

P. JONGENEEL
Senior Vice-President and Treasurer of Canada Cement Lafarge Ltd.

D. G. LAWSON
President of Moss Lawson & Co. Limited

J. H. REID
Chairman of the Board of the Company

T. H. STEVENSON
Former President of Permanent Concrete Company

Officers

J. H. REID
Chairman of the Board

HUGH F. GRIGHTMIRE
President

T. A. WILCOX
Executive Vice-President

T. D. JONES
Vice-President and Secretary-Treasurer

A. H. BAXTER
Vice-President

E. F. FORD
Vice-President

I. L. JENNINGS
Vice-President

M. E. McRAE
Vice-President

C. C. MOYER
Vice-President

R. F. TITUS
Vice-President

G. H. HAWKETT
Comptroller

E. J. HADDEN
Assistant Secretary-Treasurer

Management of Subsidiaries and Divisions

A. H. BAXTER
Red-D-Mix Concrete Company, Standard Paving Company, North Bay Concrete & Supply Company, E. V. Breckon Limited

E. F. FORD
McCord & Company, York Block and Building Supply, Marker Building Materials (Cataraqui) Limited

M. E. McRAE
Concrete Pipe Company, Oaks Precast Industries Limited, Oaks Transort Limited, Standard Pressure Pipe Company

C. C. MOYER
Consolidated Sand & Gravel, Company, J. F. Marshall & Sons Limited, Jiffy Dry-Mix Concrete Products Ltd., Point Anne Quarry Company, Brechin Crushed Stone Company

R. F. TITUS
Standard Paving Maritime Limited

Registrar and Transfer Agents	CANADA PERMANENT TRUST COMPANY 20 Eglinton Avenue West, Toronto
Auditors	THORNE GUNN & CO. Chartered Accountants Royal Trust Tower Box 262, Toronto Dominion Centre Toronto, Ontario
Bankers	CANADIAN IMPERIAL BANK OF COMMERCE BANK OF NOVA SCOTIA ROYAL BANK OF CANADA

THE BOARD OF DIRECTORS
(from left) S. C. Cooper, J. D. Jarrell, T. H. Stevenson, Hugh F. Grightmire, D. G. Lawson, J. B. Hanly, P. Jongeneel (J. H. Reid was unable to be present).

REPORT TO OUR SHAREHOLDERS

CORPORATE GROWTH CONTINUES

The company's earnings increased in the past year, in spite of the general slow-down in the economy and the serious decrease in housing starts. Income (before extraordinary profits) of $4,466,000 amounted to $1.42 per share, up 7½% from last year's $1.32 per share.

Four dividends of 12½¢ per share were declared during the year, totalling 50¢ or 35% of income before extraordinary profits. This compares with 40½¢ or 30% of income the year before. A dividend of 15¢ per share was declared May 6, 1975, payable August 5, 1975.

Selling prices were substantially higher; average prices of the company's products showed increases over the previous year in the range of 10% to 20%, but even at these levels were not sufficient to maintain the rate of return on the sales dollar, which declined from 6.5% to 6.4% due to increased wage and salary rates, higher costs of materials and services, and rising interest expense, not to mention the growth in depreciation and depletion charges consequent on continuing capital expansion.

REVIEW OF OPERATIONS

Demand for aggregates began to decline during the summer months, and a prolonged strike in the company's sand and gravel plants during August and September further affected operations. Sales lost then were not recovered later, mainly due to the depressed state of the ready-mix and construction market in the Toronto area.

Sales of asphalt mixes increased as a result of the wider market areas and greater customer acceptance developed by the new high-capacity asphalt plants opened the previous year in Hamilton, Toronto and Halifax, and in St. Catharines during the year under review.

Ready-mix concrete volume dropped 20% in the Toronto area market, reflecting the anti-development posture of municipal councils generally and the discouragement of house builders and buyers occasioned by high interest rates, restraint in mortgage lending, and the special land taxes imposed by the Province of Ontario; competition for the smaller volume of business grew more intense. The smaller markets for ready-mix concrete elsewhere in Ontario were less severely affected.

The company has been awarded the contract to supply all the concrete required for the construction of the new steel complex at Nanticoke. The two batching plants and other equipment required were installed last summer and started production in October. We expect to be very busy there for the next two or three years.

In the concrete pipe and precast products operations, large pipe up to 10 feet in diameter was in good demand for trunk sewer projects to meet the needs of new townsites and population growth areas. Sales of pipe in smaller diameters and of manholes declined because of decreasing housing and subdivision activity. Production capacity was increased by the opening of a plant for the manufacture of concrete pipe in Ottawa during the year. The Markham plant for the manufacture of precast concrete manholes experienced its first full year of production and is now operating satisfactorily after an initial shakedown period.

Participation in the concrete block market increased with the purchase of a block manufacturing plant in Guelph. The Richmond Hill (Toronto) block plant is being re-equipped and modernized.

In paving and road-building contract work the company has maintained its successful policy of taking on only small and medium sized contracts in the areas where it is established. Both contract volume and operating results improved in all areas.

CAPITAL INVESTMENT INCLUDES $6,000,000 FOR GROWTH

Total capital investment of $9,353,000 was down from the previous year's $9,871,000, but new projects amounted to $6,000,000 in comparison with $5,000,000 in the year earlier. Major items included the purchase and expansion of the Ottawa concrete pipe plant, initial development and equipping of the Point Anne quarry and its related receiving depot near Toronto, and land assembly and some development work at the Brechin quarry. Other expansion projects included a concrete block plant in Guelph, an asphalt plant in St. Catharines, ready-mix concrete plants at the Stelco complex in Nanticoke and at Barrie, and modernization of the concrete block plant at Richmond Hill near Toronto.

Production quantities generally levelled off during the year, and our procurement programmes for some equipment, notably ready-mix trucks and front-end loaders, were adjusted accordingly. As a result, total expenditures for upgrading and renewal of plant and equipment were lower than in the previous year.

EMPLOYEE RELATIONS

Due to the increasing extent of our operations, peak employment during the year increased to 1,647 employees from 1,576 reported the year before. By year-end the number employed had fallen to 1,012 (last year, 1,064), reflecting the seasonal nature of our operations and low levels of production at that time.

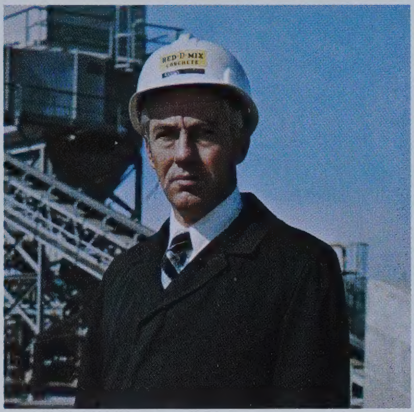
Substantially all of our hourly-paid employees are members of labour unions having collective agreements with the company. The majority of those agreements expired during the past year and were renewed for two-year terms, although not without strikes by ready-mix truck drivers in April and by gravel plant operatives in August and September. There are no major agreements due for renegotiation this coming season.

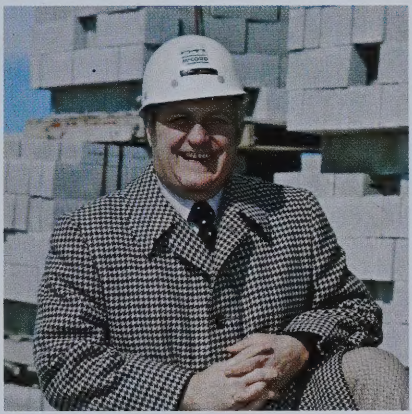
During the year, the salaried employees' pension plan was upgraded to provide benefits for employees' past service more closely related to their present level of earnings. This increased unfunded past service liabilities to $659,000, but enables future pension costs to be kept at a predictable and controllable level.

FUTURE DEVELOPMENT PLANS

The company has in the past two years been laying the groundwork for important future growth and development in three major areas — aggregates supply, production of ground slag, and manufacture of prestressed concrete pressure pipe.

Adequate sources for many years of future aggregates supply have been assured by recent acquisitions. Stone for the Toronto market will be railed from Point Anne this season to a receiving and transhipment depot just completed at Pickering. The Point Anne quarry, near Belleville, is on long-term lease from Canada Cement





VICE-PRESIDENTS of Operating Divisions (from top) A. H. Baxter, E. F. Ford, M. E. McRae, C. C. Moyer, R. F. Titus.

Lafarge Ltd. Our quarry near Brechin is now in operation to supply a growing local market. Brechin is 70 miles north-east of Toronto, and is also on rail. Material from Brechin and from our large gravel holding near the Town of Durham, 90 miles north-west of Toronto, will be railed to supply Toronto and other markets as demand builds up. In April this year we purchased Haldimand Quarries and Construction Limited, a quarry operator in Hagersville, close to the steel complex under development at Nanticoke. The capacity of the Haldimand quarry will be increased immediately, and it is already assured of capacity production for several years to come.

Ground slag is a commodity which has long been in use in Europe and elsewhere as a cementitious material, but it has until recently been only marginally attractive in North America because of low fuel prices here. This situation has now changed, and we shall this year be building a production unit in Hamilton which will give us the potential of supplying to ourselves up to 25% of our annual cement requirements from blast furnace slag, at a substantially lower cost than for portland cement.

The third major initiative we are embarking on is the manufacture of prestressed concrete pressure pipe, an engineered product which is increasingly in demand for water lines and sewers in locations where absolute impermeability is essential. We have arranged to purchase the former Jespersen-Kay plant at Markham just north of Toronto, which sits on 42 acres of land and is easily adaptable to the manufacture of pressure pipe. This is a relatively long-term project involving a total investment of approximately $6,000,000 over the next two years before quantity production will be achieved.

Adequate long-term financing for these projects has been assured by means of a bank term loan, details of which are given in note 5(a) to the financial statements enclosed with this report.

EARNINGS OUTLOOK

Of the developments outlined above, we expect that Point Anne and Brechin quarries and the Haldimand company will be new contributors to our earnings in the coming season. We shall benefit from a full year's earnings from the Ottawa pipe plant and other new facilities brought into use in the past year. While housing construction is still depressed, we expect that it will pick up later in the season under the influence of growing demand and of government incentives and encouragements of various kinds. We do not foresee any serious falling off in industrial and other non-residential construction.

All this encourages us to believe that some improvement in earnings can be achieved in the second half of the year, which should finish with a moderate increase in earnings per share.

APPRECIATION — MR. J. H. REID

The directors regret to announce that the Chairman, Mr. J. H. Reid, upon reaching the age of 70 is retiring from the direction of the company's affairs and will not stand for re-election to the board at the forthcoming annual meeting. Mr. Reid has been closely linked with the company's progress since joining as comptroller in 1934, becoming successively vice-president finance, executive vice-president, and then, in 1957, president. He was appointed Chairman of the Board in 1965. Mr. Reid guided the company through much of its expansion in the fifties from its original sand and gravel and paving operations into the manufacture of concrete products and ready-mix concrete. His knowledge and experience have been greatly valued by the board.

ACKNOWLEDGEMENTS

In conclusion, the board wishes to express its thanks to all the company's employees for their contributions of experience, effort and skill to the company's well-being in the past year, and to its customers, suppliers and shareholders.

On behalf of the board of directors,

J. H. Reid, Chairman
Hugh F. Grightmire, President

(above) T. A. Wilcox, Executive Vice-President, and Hugh F. Grightmire, President.

(below) J. L. Caylor, Property Manager (aggregates), P. B. Mollard, Chief Engineer, and G. V. Phillips, Development Manager.

FINANCIAL REVIEW

Quarterly Sales and Earnings

Quarterly sales and earnings, which fluctuate because of the seasonal nature of the company's business, are shown in the following tabulations for the past five years —

Quarterly sales ($'000)	years ended March 31				
	1975	1974	1973	1972	1971
June 30	17,401	16,015	12,283	12,622	10,744
Sept. 30	23,579	20,946	18,575	15,472	13,072
Dec. 31	19,064	16,604	14,534	12,112	10,481
March 31	9,650	9,867	7,985	5,045	5,567
Year	69,694	63,432	53,377	45,251	39,864

Quarterly earnings* (cents per share)	years ended March 31				
	1975	1974	1973	1972	1971
June 30	32¢	30¢	12¢	6¢	6¢
September 30	39	37	31	10	4
December 31	43	40	25	21	10
March 31	28	25	16	8	5
Year	$1.42	$1.32	84¢	45¢	25¢
Earnings*/ sales	6.4%	6.5%	4.9%	3.1%	2.0%

(*before extraodinary item)

INCOME TAXES

Income taxes for the year to March 31, 1975 were 45.3% of income before taxes compared with 44.5% in the previous year. The higher 1975 rate reflects the surtax imposed by the Federal Government on non-manufacturing and processing income since May 1974. Tax deferments continued at a high level as the fast write-offs available to manufacturers were again applicable to a large proportion of our capital investment programme during the year.

WORKING CAPITAL

At March 31, 1975 working capital was $5,761,000, down by $473,000 from the previous year end. Funds from operations continued to increase strongly during the year, and these were used to finance the capital investment programme which approached last year's record high level. Additional funds were not generated by long-term borrowing during the year as new borrowing approximated debt maturities.

(from left) G. H. Hawkett, Comptroller, E. J. Hadden, Assistant Secretary-Treasurer, and T. D. Jones, Vice-President and Secretary-Treasurer.

Cash balances declined to $2,159,000 at year-end ($6,173,000 in 1974) as a result of the increased values carried in inventories and the greatly accelerated income tax instalment payments that were required during the year.

Accounts receivable and accounts payable were both lower at the year-end compared with last year. This reflects the lower level of business activity experienced by the company during the final quarter, particularly in March, and also a significantly lower level of capital investment during the final quarter.

LONG-TERM DEBT

Long-term debt (excluding current portion) at $8,447,000 changed very little from last year. During the year, the company drew down a seven-year bank term loan for $1,000,000. The remainder of new long-term debt represented mortgages on real estate acquired during the year.

Interest on long-term debt increased sharply during the year as a result of the doubling of long-term debt during the previous year, most of which was arranged near the end of that year. Moreover, while the bank prime rate declined during the final quarter of this year, throughout the remainder of the year the bank prime rate base on our term loans was higher than during the previous year. In addition, the average interest rate applicable to our mortgages payable increased during the year from 7.2% to 7.7%.

Standard Industries Ltd. (Incorporated under the laws of Ontario)

CONSOLIDATED FINANCIAL POSITION

March 31, 1975

	In Thousands of Dollars 1975	1974
Current assets		
Cash and short-term investments at cost which approximates market	$ 2,159	$ 6,173
Receivables	7,244	7,847
Inventories, valued at the lower of cost and net realizable value —		
Finished materials and products	3,530	2,456
Raw materials and supplies	1,845	1,092
Prepaid expenses	875	634
	15,653	18,202
Current Liabilities		
Accounts payable and accrued	6,750	7,443
Dividends payable	393	393
Income taxes	777	2,450
Long-term debt, current portion	1,972	1,682
	9,892	11,968
Working Capital	5,761	6,234
Mortgages Receivable, less current portion included with receivables	1,064	1,096
Investments in Associated Companies (note 1 (b))	653	176
Property, Plant and Equipment, at cost less accumulated depreciation and depletion (note 2)	35,323	30,339
	42,801	37,845
Deduct:		
Long-term debt — secured (note 3)	8,447	8,532
Deferred income taxes	7,390	5,969
	15,837	14,501
Shareholders' Equity	$26,964	$23,344
Derived from:		
Capital stock		
Authorized — 4,000,000 common shares of no par value		
Issued — 3,147,888 shares	$ 3,563	$ 3,563
Retained earnings	23,401	19,781
Total Shareholders' Equity	$26,964	$23,344

Approved by the Board:

Hugh F. Grightmire, Director.
D. G. Lawson, Director.

Standard Industries Ltd.

CONSOLIDATED INCOME

Year ended March 31, 1975

	In Thousands of Dollars	
	1975	1974
Revenue		
Sales and contract revenue	$69,694	$63,432
Income from associated companies and other investments (note 1(b))	575	468
	70,269	63,900
Expense		
Cost of sales and operating expenses	52,315	48,349
Administration and selling	4,332	3,868
Depreciation and depletion	4,369	3,643
Interest on long-term debt	1,004	540
Other interest expense	88	78
	62,108	56,478
Income before Income Taxes and Extraordinary Item	8,161	7,422
Income taxes (note 4)	3,695	3,301
Income before Extraordinary Item	4,466	4,121
Per share	*1.42*	*1.32*
Profit on disposal of properties, net of income taxes thereon $23,000	366	16
Net Income	$ 4,832	$ 4,137
Per share	*1.53*	*1.33*

CONSOLIDATED RETAINED EARNINGS

Year ended March 31, 1975

	1975	1974
Retained earnings at beginning of year	$19,781	$17,019
Net income	4,832	4,137
Adjustment to reflect the underlying equity in an associated company (note 1 (b))	362	–
Dividends	(1,574)	(1,266)
Per share	*.50*	*.40½*
Excess of cost of shares of subsidiary companies and associated companies over book value of underlying assets	–	(109)
Retained Earnings at end of year	$23,401	$19,781

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

Year ended March 31, 1975

	In Thousands of Dollars	
	1975	1974
Source of Funds		
From operations:		
Income before extraordinary items	$ 4,466	$ 4,121
Add: Those items that did not require the use of funds —		
Depreciation and depletion	4,369	3,643
Deferred income taxes	1,421	1,213
Funds from operations	10,256	8,977
Reduction in mortgages receivable	303	539
Increase in long-term debt	2,016	5,113
Profit on disposal of properties	366	16
Exercise of officer's share purchase option	—	166
Income taxes provided in 1973 and deferred in 1974	—	163
	12,941	14,974
Application of Funds		
Additions to property, plant and equipment, net	9,353	7,977
Purchase of shares of subsidiary companies and associated companies, adjusted for working capital of subsidiaries at the date of acquisition	—	1,894
Capital investment	9,353	9,871
Dividends	1,574	1,266
Reduction in long-term debt	2,101	1,572
Increase in mortgages receivable	272	234
Excess of equity in earnings of associated companies over dividends received	114	—
	13,414	12,943
Increase (Decrease) in Working Capital	(473)	2,031
Working capital at beginning of year	6,234	4,203
Working capital at end of year	$ 5,761	$ 6,234

AUDITORS' REPORT

To the Shareholders of
Standard Industries Ltd.

We have examined the consolidated financial statements, appearing on pages 9 through 13, of Standard Industries Ltd. and subsidiary companies for the year ended March 31, 1975. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1975 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles which, except for the change in accounting policy referred to in note 1 (b), have been applied on a basis consistent with that of the preceding year.

Toronto, Ontario
May 1, 1975

THORNE GUNN & CO.,
Chartered Accountants.

Standard Industries Ltd.

NOTES TO FINANCIAL STATEMENTS
March 31, 1975

Note 1. Accounting Policies

a) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Standard Industries Ltd. and its subsidiaries, all of which are wholly owned.

b) Change in Accounting Policy — Investments in Associated Companies (50% or less owned)

Investments in associated companies are accounted for on the equity method. Under the equity method, the company's share of the net income of these associated companies is included in consolidated income each year, and the company's investments in these associated companies are carried in the consolidated financial position at the underlying fair value at the date of acquisition plus the company's share of undistributed earnings since acquisition.

In prior years, the company's investment in an associated company was carried in the consolidated financial position at cost, and dividends were included in income as received. The equity method, which was adopted for 1975, would not have had a material effect on the prior ten years' statements of income and, accordingly, prior years' figures have not been restated.

c) Deferred Income Taxes

The company uses the tax allocation method of providing for income taxes. Under this method, timing differences between reported and taxable income (which occur when revenues and expenses reflected in the financial statements in one year are considered for tax purposes in another year) result in increases or decreases in deferred income taxes.

d) Interim Financial Reports

Depreciation, depletion, repair and overhaul and other fixed overhead costs are provided for on an annual basis in relation to anticipated sales volume for the year and are charged against operations based on the sales volume during each interim period.

e) Depreciation and Depletion

Buildings, plant and equipment are depreciated over their estimated useful lives (buildings 25 years, plant and equipment 5 to 15 years) on a straight line basis. The costs of aggregate deposits are depleted on a unit-of-production method based on total estimated recoverable reserves.

Note 2. Property, Plant and Equipment

	In Thousands of Dollars	
	1975	1974
Land and aggregate properties	$10,957	$ 9,350
Buildings, plant and equipment	50,797	43,742
	61,754	53,092
Less accumulated depreciation and depletion	26,431	22,753
	$35,323	$30,339

Note 3. Long-Term Debt — Secured

	In Thousands of Dollars	
	1975	1974
Bank term loans due 1975/1981 (interest at 1.2% over prime rate — weighted average) (note 5)	$ 5,938	$ 5,833
Mortgages payable, due 1975/1985 (interest at 7.7% — weighted average)	4,481	4,381
	10,419	10,214
Less current portion	1,972	1,682
	$ 8,447	$ 8,532

Long-term debt matures as follows in the years ending March 31, 1976 $1,972,000; 1977 $1,867,000; 1978 $1,861,000; 1979 $1,886,000; 1980 $1,344,000.

Note 4. Income taxes

The reduced rates of federal income tax and the accelerated depreciation write-offs available to manufacturers and processors have been used throughout 1974 and 1975. These lower federal tax rates on manufacturing and processing income reduced the 1975 provision by approximately $310,000 (1974 — $350,000).

During the year, a surtax was imposed on federal income taxes payable on non-manufacturing and processing income. This surtax increased the 1975 provision by approximately $135,000.

Note 5. Events Subsequent to the Year-End

a) Bank Term Loan

The company has arranged a $10,000,000 ten-year bank term loan with interest at 1½% over the prime rate. The loan is repayable $500,000 annually with the balance due at the end of the tenth year. The proceeds of this loan will be used initially to repay $4,500,000 in bank term loans due 1975/1981, and the remainder to provide working capital and funds for future capital investments.

b) Capital Investments

In April 1975, the company purchased all the outstanding shares of Haldimand Quarries and Construction Limited, a quarry operator located in Hagersville, Ontario. The company has also entered into a second agreement to purchase a property which includes land, building and equipment located near Toronto. The cost of these two capital investments totals $2,700,000 which is payable partly in cash with the balance payable in annual instalments of $200,000 in each of the next five years.

Note 6. Pension Plan

The company's share of the unfunded past service liabilities of the company's pension plans amounts to $659,000 at March 31, 1975 ($271,000 at March 31, 1974). The increase in this amount results primarily from increased past service benefits provided during the year. The unfunded past service liabilities are being expensed and funded over 15 years.

Note 7. Other Statutory Information

Total direct remuneration of directors and senior officers amounted to $445,000 ($370,000 in 1974).

Standard Industries Ltd.

FINANCIAL STATISTICS – 1966 TO 1975

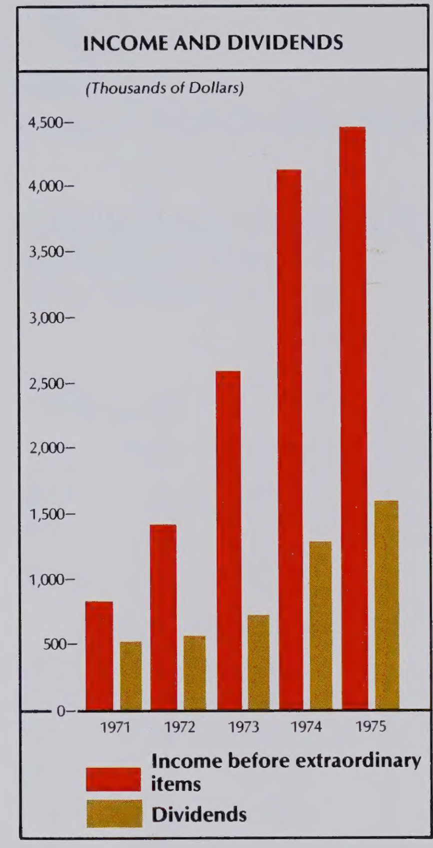
(in thousands of dollars – except per share amounts)

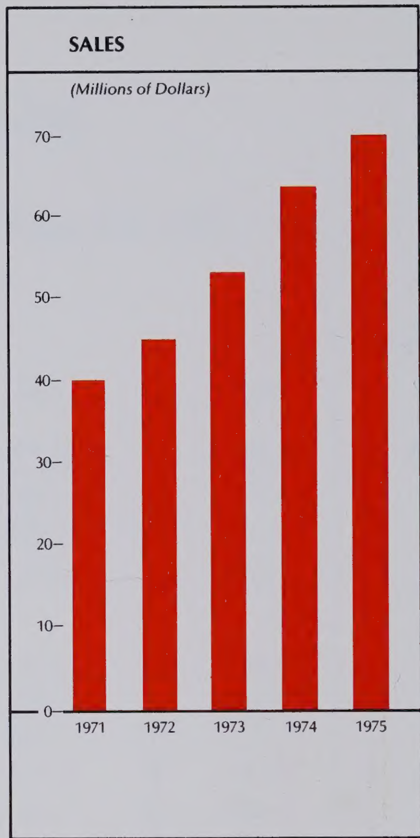
	Years ended March 31		
	1975	1974	1973
Income			
Sales and contract revenue	69,694	63,432	53,377
Income before extraordinary item	4,466	4,121	2,590
Profit on disposal of properties and shares	366	16	2,325
Net income	4,832	4,137	4,915
Financial Position			
Working capital	5,761	6,234	4,203
Fixed Assets – net	35,323	30,339	23,383
Other assets	1,717	1,272	1,272
	42,801	37,845	28,858
Long-term debt	8,447	8,532	4,085
Deferred income taxes	7,390	5,969	4,357
Deposit on optioned property			
	15,837	14,501	8,442
Shareholders' equity	26,964	23,344	20,416
Source and Application of Funds			
Income before extraordinary item	4,466	4,121	2,590
Depreciation and depletion	4,369	3,643	2,908
Deferred income taxes	1,421	1,213	752
Funds from operations	10,256	8,977	6,250
Profit on disposal of properties and shares	366	16	2,325
Long-term debt increase (decrease)	(85)	3,541	676
	10,537	12,534	9,251
Capital investment	9,353	9,871	7,610
Dividends	1,574	1,266	772
Mortgages receivable increase (decrease)	(31)	(305)	700
Other	114	(329)	533
	11,010	10,503	9,615
Increase (decrease) in working capital	(473)	2,031	(364)
Per Share*			
Income before extraordinary item	1.42	1.32	.84
Profit on disposal of properties and shares	.11	.01	.75
Net income	1.53	1.33	1.59
Dividends	.50	.40½	.25

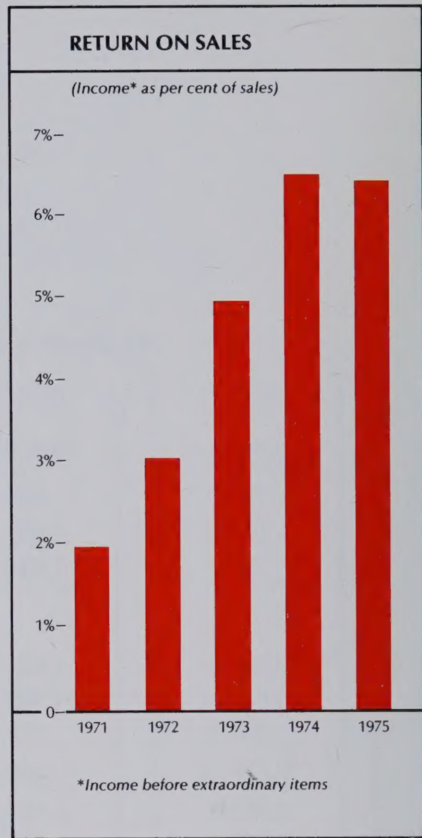
* Reflecting the 3 for 1 share split approved on November 22, 1972.

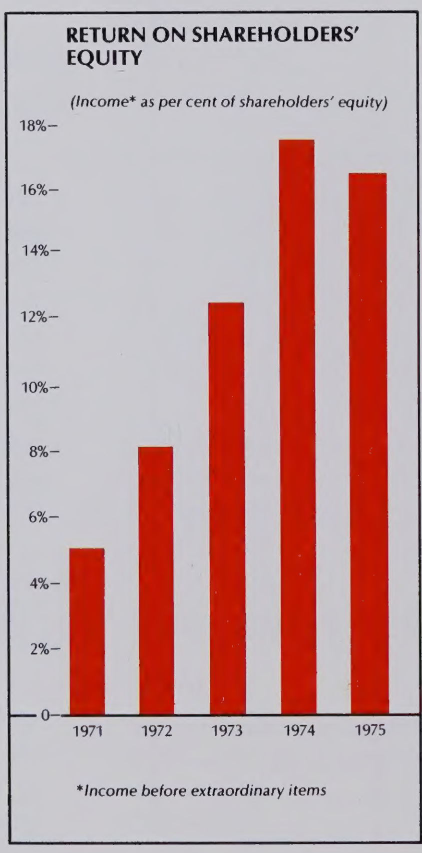
	1972	1971	1970	1969	1968	1967	1966
	45,251	39,864	39,652	42,865	36,796	40,925	
	1,381	781	871	1,202	250	142	1,149
	545		1,013	28	861		236
	1,926	781	1,884	1,230	1,111	142	1,385
	4,567	4,856	4,632	4,823	3,789	2,004	2,795
	18,866	15,655	14,907	13,928	11,088	12,189	11,573
	573	207	927	191	344	222	152
	24,006	20,718	20,466	18,942	15,221	14,415	14,520
	3,408	2,913	2,992	2,805	1,064	1,081	1,075
	3,467	2,660	2,598	2,479	1,525	1,608	1,220
	598						
	7,473	5,573	5,590	5,284	2,589	2,689	2,295
	16,533	15,145	14,876	13,658	12,632	11,726	12,225
	1,381	781	871	1,202	250	142	1,149
	2,351	2,177	2,026	1,685	1,763	1,729	1,820
	807	62	405	954	(41)	387	546
	4,539	3,020	3,302	3,841	1,972	2,258	3,515
	545		1,013	28	861		236
	495	(80)	187	1,742	(17)	5	914
	5,579	2,940	4,502	5,611	2,816	2,263	4,665
	5,562	2,925	3,006	4,524	675	2,345	6,142
	538	512	666	205	205	640	666
	366	(720)	735	(29)	121	(65)	111
	(598)		286	(123)	30	134	
	5,868	2,717	4,693	4,577	1,031	3,054	6,919
	(289)	223	(191)	1,034	1,785	(791)	(2,254)
	.45	.25	.28	.39	.08	.05	.37
	.18		.33	.01	.28		.08
	.63	.25	.61	.40	.36	.05	.45
	.17½	.16⅔	.21⅓	.06⅔	.06⅔	.20⅚	.21⅓

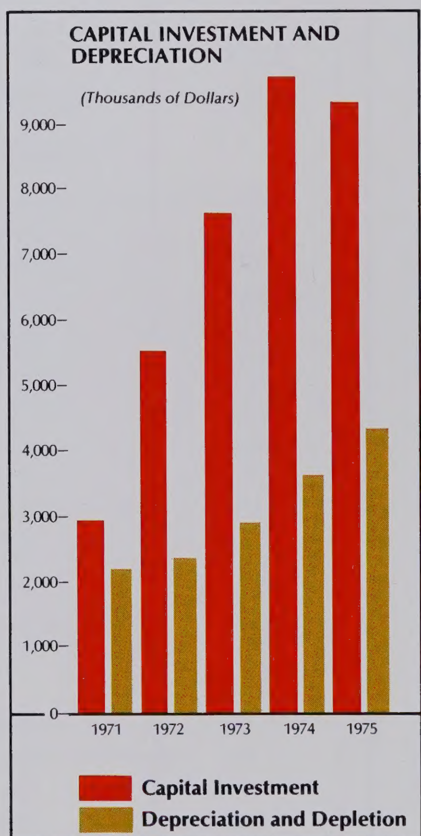
FINANCIAL TRENDS AT A GLANCE

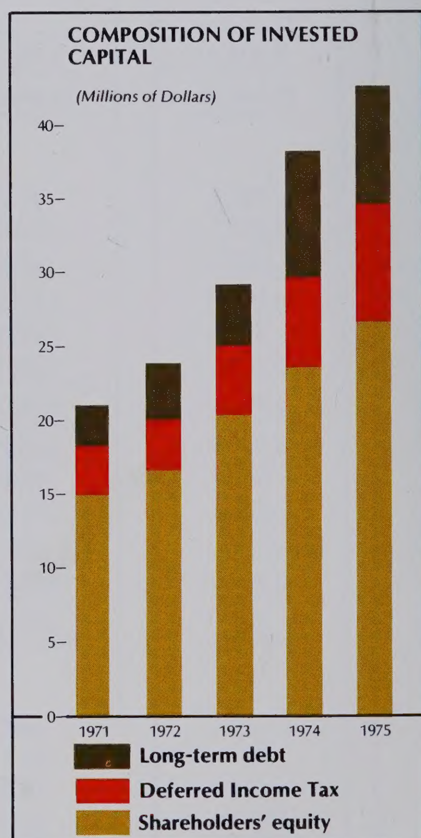












CORPORATE ORGANIZATION

STANDARD INDUSTRIES LTD.

OPERATING DIVISIONS OF STANDARD INDUSTRIES LTD.	SUBSIDIARIES (WHOLLY-OWNED) OF STANDARD INDUSTRIES LTD.
Consolidated Sand & Gravel, Company *sand, gravel and asphalt mixes*	**J. F. Marshall & Sons Limited** *sand and gravel*
Brechin Crushed Stone Company **Point Anne Quarry Company** *crushed stone*	**Jiffy Dry-Mix Concrete Products Ltd.** *bagged dry-mix concrete and other products*
McCord & Company *ready-mixed concrete*	
York Block and Building Supply *concrete block & builders supplies*	**Marker Building Materials (Cataraqui) Limited** *concrete block*
Red-D-Mix Concrete Company *ready-mixed concrete, concrete block, asphalt mixes*	**E. V. Breckon Limited** *hauling liquid asphalt and other materials*
Standard Paving Company *paving and road-building*	
North Bay Concrete and Supply Company *sand, gravel and asphalt mixes*	
Concrete Pipe Company *concrete pipe and related products*	**Oaks Precast Industries Limited** **Oaks Transport Limited** *precast concrete manholes and precast specialty items*
Standard Pressure Pipe Company *concrete pressure pipe*	
	Standard Paving Maritime Limited *paving and road-building*

PRODUCTS AND LOCATIONS

SAND AND GRAVEL PLANTS
- Paris, Ont. (2 plants)
- Guelph
- London, Ont.
- Mono Mills
- Stouffville
- Pickering
- North Bay
- Durham

QUARRIES
- Brechin
- Hagersville
- Point Anne

ASPHALT MIX PLANTS
- Paris, Ont.
- Guelph
- Pickering
- St. Catharines
- Halifax, N.S.
- Toronto (2 plants)
- Hamilton (2 plants)
- North Bay
- Kentville, N.S.

CONCRETE BLOCK PLANTS
- Kingston
- Richmond Hill
- Sarnia
- Guelph

CONCRETE PIPE PLANTS
- Mississauga (Toronto)
- Ottawa
- London, Ont.

PRECAST CONCRETE MANHOLES AND SPECIALTY ITEMS
- Guelph
- Markham (Toronto)

PAVING AND ROAD-BUILDING
- Hamilton, Ont.
- North Bay, Ont.
- Halifax, N.S.
- Kentville, N.S.

READY-MIXED CONCRETE PLANTS

McCord & Company —
- Metropolitan Toronto (3 plants)
- Mississauga
- Richmond Hill
- Barrie
- Oshawa
- Ajax

Red-D-Mix Concrete Company —
- Hamilton (3 plants)
- Beamsville
- Brantford
- Burlington, Ont.
- Delhi
- Fort Erie
- Georgetown
- Guelph
- London, Ont.
- Milton
- Nanticoke
- Niagara Falls
- North Bay
- Sarnia
- St. Catharines
- St. Thomas
- Strathroy
- Welland
- Windsor

DRY-MIX CONCRETE
- Toronto

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